

Exhibit 8

Louisiana Recovery Authority (LRA)
The Road Home Housing Programs
Action Plan Amendment for Disaster Recovery funds

HUD OIG Office of Audit Review and Concerns

STATUS as of 04/27/06

NOTE – Louisiana is in the process of revising the housing reconstruction portion of the action plan previously submitted to HUD. The Office of Audit's evaluation and comments provided below pertain the Louisiana action plan as initially submitted to HUD.

Background

The Department of Defense Appropriations Act, 2006 (Public Law 109-148, approved December 30, 2005) appropriated \$11.5 billion in Community Development Block Grant funds to assist in the recovery of the most impacted and distressed areas related to Hurricanes Katrina, Rita, and Wilma in the Gulf of Mexico in 2005. The Appropriations Act requires that funds be used only for disaster relief, long-term recovery, and restoration of infrastructure in the impacted areas. The Act also provides for Secretarial waiver authority over the use of grant funds consistent with the overall purpose of the statute.

The Act allocates grant funds among five states (Alabama, Florida, Louisiana, Mississippi, and Texas), with no state receiving more than 54 percent. The Governor of a respective state is allowed to designate an entity or entities to administer the state's allocation of the funds and up to five percent of a state's allocation may be used for administrative expenses. Each grantee is required to describe in its Action Plan for Disaster Recovery how the grant funds would be used to address long-term recovery and infrastructure restoration. HUD is required to monitor the usage of said funds and may disallow expenditures if it is found that funds were used for non disaster-related activities, or funds allocated duplicate other benefits.

The State of Louisiana was allocated \$6.2 billion for use in meeting unmet housing needs in areas of concentrated distress as a result of Hurricane Katrina. HUD defines unmet housing needs to include, but not be limited to, those of uninsured homeowners whose homes had major or severe damage. Concentrated distress is defined as the total number of housing units with major or severe housing damage in counties where 50 percent or more of units had major or severe damage. (FR-5051-N-01)

The Louisiana Recovery Authority LRA was created by Governor Kathleen B. Blanco to assist in creating a recovery and rebuilding plan that will benefit the entire State of Louisiana. The LRA is made up of a 26-member board appointed by the governor and is responsible for developing a comprehensive long-term vision for a rebuilt and renewed Louisiana. Four board members serve in Louisiana's House of Representatives and Senate.

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The LRA's four main priorities are: (1) securing funding and other resources, (2) establishing principles and policies for redevelopment, (3) leading long-term community and regional planning efforts, and (4) ensuring transparency and accountability. Lastly, the LRA is responsible for developing priorities for the use of CDBG disaster funds.

Louisiana Recovery Authority (LRA), The Road Home Housing Programs, Action Plan Amendment for Disaster Recovery Funds

The amended action plan for The Road Home Housing Programs submitted by the State of Louisiana, and approved by HUD, covers four programs aimed at restoring Louisiana's housing stock and its communities: (1) Homeowner Assistance Program, (2) Workforce and Affordable Rental Housing Programs, (3) Homeless Housing Programs, and (4) Developer Incentives.

Total funding for The Road Home Housing Programs is estimated at no less than \$12.1 billion; the source of funding for the programs is the supplemental appropriation of CDBG funds and the anticipated Stafford Act Hazard Mitigation Grant Program Funds. The action plan amendment describes the use of CDBG funds for the programs in two phases, partially funded (\$4.6 billion) and fully funded (\$8.08 billion).¹

Louisiana plans to submit action plan amendments to describe other aspects of its Community Development Block Grant recovery program.

Overall Program Design (Moderate to High Risk)

The recovery program is structured as a comprehensive, multi-component approach to address a range of economic and social concerns. The scope includes redevelopment and revitalization of homeowner and rental housing, infrastructure investment, and various other social/community needs. Its success is also contingent on future supplemental funding, without which full recovery will be questionable.

Concerns

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¹ To fully fund The Road Home Housing Programs (no less than \$12.1 billion), the Administration has asked Congress to appropriate an additional \$4.2 billion in Community Development Block Grant funds for Louisiana.

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[REDACTED]

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1. **Homeowner Assistance** - \$3.5 billion or 75% of initial funding

The Homeowner Assistance Program provides a grant that is capped at \$150,000 to encourage homeowners' investment of federal recovery funds in Louisiana. Homeowners that choose to reinvest grant funds in Louisiana are eligible for the most generous levels of assistance. In exchange for the grant payment, a qualifying homeowner must agree to a legally binding covenant that requires; for example,

- FEMA full disclosure rights,
- Owner-occupancy of a home for at least three years after completion of repair/replacement or new home purchase,
- Maintaining flood insurance,
- If relocating, move to another home in Louisiana, and
- Certifications subject to penalty, including forfeiture of the grant,

Concerns

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[REDACTED]

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[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

2. Workforce and Affordable Rental Housing - \$.9 billion or 20% of initial funding

The State proposes to subsidize rental housing repair and restoration through the grant program with the objective of supporting the return of its renting population prior to the hurricanes. The grants are intended to provide 25,000 affordable housing and mixed income units and related supportive services.

Concerns

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3. Restoration of Homeless Supports and Housing - \$26 million or .5% of initial funding

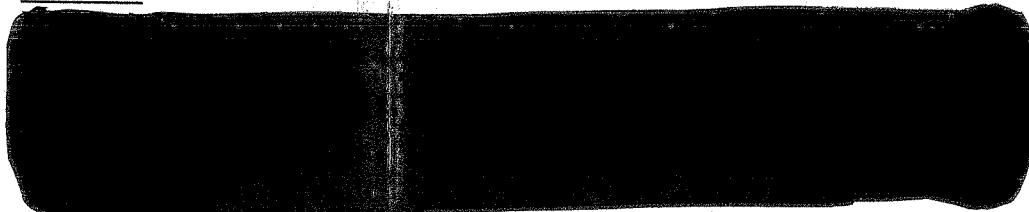
The funding purpose is to repair and restore damaged homeless centers in the disaster

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areas and related social services. The State estimates 1,700 residential beds for the homeless were lost to the hurricanes.

Concerns



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4. **Developer incentives and code enforcement** - \$32 million or .7% of initial funding

The grant purpose is to provide incentive capital to attract developers of mixed-income, for-sale properties and rental assistance housing. Additionally, the funds will be used to acquire properties for development, if requested by local governments, fund faith-based and community-based housing recovery programs, and provide for building code enforcement.

Concerns

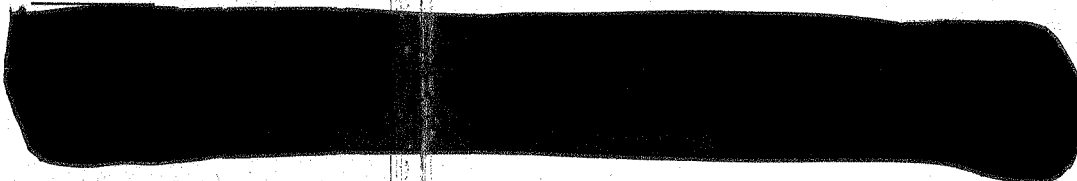


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Fraud, Abuse and Mismanagement Controls

The LRA has established an Audit Committee to ensure that the work of the recovery is conducted consistent with the highest ethical standards. The Committee and its staff will review reports from three existing state audit agencies concerning findings of fraud and abuse. These agencies - the Legislative Auditor, the Office of Inspector General, and the Office of Finance and Support Services - serve different missions but provide similar watchdog services over public spending.

Concerns



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Administration, Planning, and Technical Assistance - \$80 million or 2% of initial funding

The State will carry out the recovery programs and therefore require a substantial

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financial commitment from available funding. The scale and expected long term need may require future supplemental funding to sustain the recovery effort. However, the budgeted amounts appear reasonable at this point.

Concerns

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